

Decision 99-08-024 August 5, 1999

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Proposed Policies Governing
Restructuring California's Electric Services
Industry and Reforming Regulation.

Rulemaking 94-04-031
(Filed April 20, 1994)

Order Instituting Investigation on the
Commission's Proposed Policies Governing
Restructuring California's Electric Services
Industry and Reforming Regulation.

Investigation 94-04-032
(Filed April 20, 1994)

**OPINION REGARDING THE MOTION OF THE CONSUMER
SERVICES DIVISION FOR ADDITIONAL FUNDING****Summary**

On April 27, 1999, the Consumer Services Division (CSD) filed a motion to extend and fund the operation of the Electric Education Call Center (EECC), and to approve additional funding for the near-term customer education plan.

Today's decision addresses CSD's motion for additional funding. This decision authorizes \$510,000 to fund the EECC through the end of 1999, and an additional \$600,000 to pay for the unpaid billings associated with the near-term education effort. CSD's request for \$1.5 million to fund additional educational efforts that target small businesses is granted. CSD's request to fund post-education research is denied.

Background

On February 19, 1999, the CSD filed a motion seeking to extend the operation and funding of the EECC for the period from March 1, 1999 through May 31, 1999. It was unclear from that motion whether CSD was seeking to

increase the funding for the EECC beyond what the Commission had previously authorized for the Customer Education Program (CEP) in Decision (D.) 97-08-064. In an assigned Commissioner's ruling of February 24, 1999, CSD's motion to extend the EECC through May 31, 1999 was granted on the condition that the funds for the EECC come from monies that were previously authorized for the CEP effort. To the extent that the February 19, 1999 motion was seeking an additional \$2 million to fund the EECC, the motion was denied. The ruling stated that if additional funding for the EECC was being sought, a motion should be filed as soon as possible.

On April 27, 1999, the "Motion Of Consumer Services Division To Extend Operation Of The Electric Education Call Center Through August 31, 1999, And To Approve Additional Funding For The Near-Term Customer Education Plan" was filed. The only response to CSD's motion was filed by Pacific Gas and Electric Company (PG&E) on May 12, 1999.

The draft decision of the assigned Administrative Law Judge was mailed to the parties on July 6, 1999 in accordance with Pub. Util. Code § 311(g) and Rule 77.1 of the Commission's Rules of Practice and Procedure. Comments to the draft decision were timely filed by CSD, PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE). No reply comments were received.

We have considered the comments to the draft decision, and have made appropriate changes.

Motion For Additional Funding

CSD's motion requests additional funding for the following purposes:

"\$1.5 million for the near-term education efforts to provide small businesses with electric restructuring education in collaboration with the California Small Business Association; \$600,000 to fund outstanding billings for the already completed portion of the near-

term education plan; \$100,000 for post-education research; ... and at least \$510,000 to support EECC activities through the end of 1999, to be recovered through the utilities' ongoing memorandum accounts, as established in D.97-03-069 and D.97-08-064...."

With respect to the EECC, CSD states that the Commission originally approved \$4 million for the operation of the EECC over the nine-month period from September 1997 through May 1998. During that period, CSD states that \$2.5 million was spent to establish and operate the EECC.

In D.98-05-062, the Commission extended the EECC for an additional six months, i.e., through the end of November 1998. Subsequently, in an assigned Commissioners' ruling of November 30, 1998, the EECC was extended through February 28, 1999. During the nine-month period from June 1, 1998 through February 28, 1999, CSD states that \$1.5 million was spent to operate the EECC.¹ Two additional three month extensions were granted in an assigned Commissioner's rulings dated February 24, 1999 and June 1, 1999. The June 1, 1999 ruling extended the EECC for the period from June 1, 1999 through August 31, 1999.

According to Attachment C of CSD's motion, CSD estimates that it will cost approximately \$995,000 to continue the operations of the EECC for the period from March 1, 1999 through December 31, 1999.² CSD states that part of the \$995,000 may be covered by the Electric Education Trust (EET) and the Low

¹ A calculation of the "Previously Incurred Expenses," which is shown in Attachment C of CSD's motion, shows that for the nine month period \$1,347,371.30 was spent.

² Although the heading of CSD's motion states that the motion is "To Extend Operation Of The Electric Education Call Center Through August 31, 1999," the text and Attachment C of the motion make clear that it estimates that \$995,000 will be needed to operate the EECC from March 1 through December 31, 1999.

Income Governing Board (LIGB). In an assigned Commissioner's ruling dated April 23, 1999, the request of the Electric Education Trust Administrative Committee (EETAC) to allocate \$360,000 from its budget to the EECC was approved. According to CSD's motion, the LIGB has requested permission from the Commission to allocate \$125,000 from its budget to the EECC for 1999.³ That still leaves a need for approximately \$510,000. If the monies from the LIGB are not approved for use by the EECC, CSD states that additional funds will be needed to continue the EECC activities. CSD states that other possible sources of funding include monies from the Universal Lifeline Telephone Service (ULTS) Marketing Board or from the educational activities associated with area code overlays. CSD states:

"Without additional funding, the EECC will be required to close at the end of May 1999, and any desired use of the EECC by the EET, LIGB or ULTS Marketing Board will require the expense of start-up costs in addition to any ongoing incremental cost those Boards included in their original proposed budgets for EECC activities."
(CSD Motion, p. 5.)

CSD states that if the positions and funding it has requested receive approval in the state's budget for fiscal year 1999-2000, that CSD should be able to take over the function of the EECC by January 1, 2000.⁴

Regarding the request for \$1.5 million to fund near-term education activities for small businesses, CSD states that in D.98-07-098 the Commission authorized it to carry out near-term education efforts with the remaining CEP

³ The LIGB's request was granted in Resolution E-3601 dated June 3, 1999.

⁴ In CSD's October 30, 1998 report to the Commission, CSD stated that it would be able to absorb the EECC into its regular operations on July 1, 2000. In the motion before us, CSD states that it will be able to take over the functions of the EECC by January 1, 2000 if the positions and funding are approved.

funds. At the time D.98-07-098 was adopted, the preliminary estimate of the CEP funds available for use was \$2.5 million to \$4 million. (D.98-07-098, p. 13.) That figure was later revised to \$6.7 million.

CSD states that the Commission determined in D.98-07-098 that the focus of CSD's near-term efforts should be small businesses, agricultural ratepayers, ratepayers in multiple unit dwellings, and other subgroups that needed further targeting. CSD states that a budget for the near-term education effort was established, and that contracts were awarded based on the amount of remaining funds.

CSD states that the extensions of the EECC were not anticipated in the original funding of the CEP, nor included as part of the near-term budget. As a result, \$6.2 of the \$6.7 million was spent on the near-term efforts, with the remainder used for the EECC.⁵ According to CSD, this resulted in a reduction in the efforts aimed at informing small businesses of their direct access and load aggregation options.

Attachment B of CSD's motion states that the California Small Business Association (CSBA) and CSD plan to utilize CSBA's outreach entity, the California Small Business Foundation (CSBF), to augment the previous small business education efforts to include more current and detailed education information about electric utility deregulation. It is proposed that the CSBF be used to provide outreach support and to disseminate information and materials. This outreach effort would also be supported by print media activities. These efforts would take five months in total and would be budgeted at \$1.5 million.

⁵ In addition, another \$1 million was spent to fund the EECC through February 28, 1999.

In CSD's comments to the draft decision, CSD provided additional information as to why the Commission should approve the request for \$1.5 million to fund near-term education activities for small businesses. CSD contends that although the CEP effort was successful in meeting the Commission's goal of 60% aided awareness, the effort did not provide enough information, nor was it of sufficient duration, for small business customers to decide whether direct access was the proper choice for them.

CSD also states in its comments that for the near-term effort, approximately \$900,000 was targeted specifically at small business customers. Contracts were awarded to community-based organizations (CBOs), including the CSBA, to disseminate information through small group meetings and other face-to-face contact. CSD asserts that:

"the CBO effort in general and small business outreach in particular were highly successful in meeting the performance levels established for the contracts. With modest amounts of funding, CBOs and CSBA were able to reach thousands of difficult to reach customers and provide them with information that they considered credible, reliable and relevant because it came from a known and trusted source."

CSD also points out that CSBA has conducted hundreds of education programs for small business owners since its formation in 1980. CSBA has also conducted training programs for small business owners in other states at the request of the Small Business Administration of the United States.

CSD's comments to the draft decision also provide four reasons as to why the \$1.5 million should be authorized. First, CSD expects that with the anticipated elimination of SDG&E's Competitive Transition Charge (CTC), that this will result in increased marketing efforts by electric service providers (ESPs) to small business customers. This will lead to new opportunities, questions, concerns and risks for these customers. Obtaining information from credible

sources will be of benefit to the small business customers. Second, small business customers need and want information about the safeguards that exist in the electric service market, and how they can protect themselves against abusive practices. Third, the EET's CBO efforts are not expected to be funded until at least the first quarter of 2000, which results in a lag in educational outreach efforts. And fourth, CSD states that small business owners require special efforts to reach them because of the time spent by the owners operating and developing their businesses.

CSD states that a major goal of the \$1.5 million effort is to establish a statewide network of local small business leaders who are trained, knowledgeable, and have access to accurate, up-to-date, and relevant information about electric restructuring. CSD plans to specifically target small business leaders, chambers of commerce, small business organizations, and small business owners, and that highly targeted print and electronic media will be used to support these efforts as needed.

CSD also requests that the Commission authorize an additional \$100,000 to fund post-education research.

Position of Pacific Gas and Electric Company

PG&E states that although some elements of CSD's motion may eventually prove to have merit, it is impossible to tell from CSD's motion. PG&E contends that CSD should be held to the same standards as the utilities, which include making timely requests for funds, and fully justifying those requests.

PG&E points out that in the assigned Commissioners' ruling of September 14, 1998 approving the near-term plan of CSD, that the plan specifically included an educational program for small businesses. This effort was to be implemented by Flair Communications, which PG&E points out is one of the three consultant entities for which CSD is requesting an additional

\$600,000 in funds for work that has already been completed. This near-term plan began in mid-September 1998 and was to continue for five to seven months.

The attachment to CSD's motion describes a proposed alliance with the CSBA to carry out educational efforts with small businesses. Although there may be a need for additional small business education, PG&E states that CSD's motion and the attachment do not explain why the previously authorized small business efforts were inadequate, or why such efforts should not be part of the EET's effort.

In PG&E's comments to the draft decision, PG&E states that it was concerned that CSD's motion contained insufficient justification for the Commission to decide whether additional monies should be spent to educate small business customers. After reviewing CSD's comments to the draft decision, PG&E is now satisfied that CSD has provided adequate justification, and that such a program is a worthwhile endeavor. SCE's comments to the draft decision also support CSD's request for additional funding.

Regarding CSD's request for \$600,000, PG&E states that at the time the three contracts for the consultants were signed, the utilities, CSD, and the consultants knew that there were insufficient funds remaining in the CEP budget to pay each of consultants in full. Since the utilities were required to sign the contracts on behalf of CSD, PG&E states that the utilities and the consultants agreed that each of the contracts would contain a clause which states that the only source to which the consultant could look for payment is from the amounts actually budgeted for the CEP and approved by both the Commission and the Director of the CSD, and not to any other source, including any other assets of the utilities.

Although CSD and the consultants knew in December 1998 that there was a problem with funding the consultants, PG&E points out that there is no

explanation in the motion as to why CSD and the consultants waited until after the contracts had expired to try to obtain the funding. PG&E states that D.97-08-064 put a cap on the CEP budget, and there is no reason why CSD and the affected consultants should be rewarded for their tardy behavior.

Regarding CSD's request for \$100,000 to perform post-education research, PG&E states that CSD has provided no explanation as to why the money is needed, and what its research objectives are.

On the funding for the EECC, PG&E states that the current number of calls to the EECC are about 1000 per week. This results in an average per call cost of over \$20 per call. PG&E questions whether the current call volumes and the per call cost justify the continuation of the EECC.

PG&E contends that the February 24, 1999 ACR made clear that the extension of the EECC from March 1 to May 31, 1999 was granted on the condition that the funds for the EECC come from unexpended monies that were allocated for the CEP effort. That ACR also made clear that if CSD or another party wanted to request funding above what was authorized in the CEP budget, the motion should be filed as soon as possible.

PG&E points out that CSD's motion at page 4 acknowledges that the utilities set aside \$1.5 million of the unspent CEP funds to cover the EECC's operations through February 1999. In March 1999, the utilities agreed to cover the costs of the incentive payment to the primary contractor for the CEP. PG&E states that this freed up \$500,000 to continue the operations of the EECC through May 1999. With the additional \$360,000 that the ACR of April 23, 1999 allowed to be transferred to the EECC, PG&E notes that this will allow the EECC to continue operations through September 1999. PG&E contends that the CSD has known for many months that there were insufficient monies available to fund the EECC

beyond May 31, 1999, but waited until the last moment to seek additional funding.

PG&E also states that before the Commission decides whether to continue the EECC, it must determine whether the CSD will be ready to take over the functions of the EECC on January 1, 2000, or on some other date. The Commission should also determine why the EECC cannot be merged into CSD's ongoing Consumer Affairs call center function.

PG&E also comments that if any monies are approved for CSD's efforts, the utilities must be allowed recovery of all the authorized costs in an advice letter filing implementing recovery through the Transition Revenue Account. PG&E also points out that if additional funding is authorized, the Commission should modify D.97-08-064 to authorize the increase in the CEP budget.

Discussion

A. Background

Before deciding whether we should grant the motion of CSD for additional funding, it is important to review the amounts that this Commission has previously authorized for electric restructuring education activities.

In D.97-03-069, the Commission authorized the three largest electrical corporations in California to devise and implement a joint CEP in conjunction with the Commission. The initial funding level for these activities was set at \$20 million. \$2 million of the \$20 million was designated for outreach efforts by the Commission staff. An additional \$3 million was authorized as the initial funding level for the EET.

The funding level for the CEP, Commission outreach activities, and the EET was increased in D.97-08-064 to a total budget of \$89,294,580. This

amount was allocated as follows: \$73,844,580 for the utilities' CEP;⁶ \$10,000,000 for educational and outreach efforts by community-based organizations (CBOs) that is managed by the EET; \$3,000,000 for the administrative and general overhead expenses of the EET, and to fund customer education efforts that do not employ the use of CBOs; and \$2,450,000 for outreach by Commission staff, administrative support by the Consumer Education Advisory Panel (CEAP),⁷ and research. In authorizing this total budget, the Commission stated that expenditures of monies in excess of this total amount was not authorized. Subject to a potential disallowance mechanism, the Commission allowed the utilities to recover these costs from their customers pursuant to Pub. Util. Code § 376.

In D.98-07-098, the Commission determined that it was important to develop an immediate plan for bridging the gap between the end of the CEP, which ended on May 31, 1998, and the time period before the EET's educational activities are started. The Commission authorized CSD to develop and implement a near-term educational effort using the unspent monies that were previously authorized as part of the CEP effort. At the time D.98-07-098 was adopted, the unused CEP monies were estimated at \$2.5 million to \$4 million. This figure was then revised to \$6 million in the assigned Commissioners' ruling of September 14, 1998, and then to \$6.7 million as reported in the October 1998

⁶ The \$73,844,580 includes the \$350,000 that was budgeted for the Electric Restructuring Education Group (EREG). (See D.97-08-064, pp. 98, 100.) \$4 million of the \$73,844,580 was designated for the EECC. (D.97-08-064, pp. 78-81, App. A.)

⁷ The CEAP was dissolved in D.97-08-064, and the remainder of the \$200,000 that was authorized for the CEAP was made available to the EET. We are informed that this remaining balance is \$174,446 instead of the \$126,000 that was originally estimated. (D.97-08-064, p. 93; D.98-07-098, p. 4.)

monthly report on the near-term efforts, and in a November 24, 1998 letter from PG&E to the Commissioners assigned to direct access.

An additional \$360,000 was made available to the EECC when the EETAC's request to allocate this amount from the EET's non-CBO education budget was adopted in the assigned Commissioner's ruling of April 23, 1999. An extra \$500,000 was also made available for the near-term effort when the utilities agreed to pay the incentive payment as part of the primary CEP contract.

Therefore, the budget for the near-term educational effort by CSD was \$6.7 million. Although \$4 million was originally authorized for the EECC, only \$2.5 million was used during the period from September 1, 1997 through May 31, 1998. \$1.5 million of the \$6.7 million was used to fund the EECC from June 1, 1998 through February 28, 1999. This reduced the amount available for the near-term effort to \$5.2 million. Thus, the total spent on the near-term effort and the EECC through February 28, 1999 was \$9.2 million ($5.2 + 4$). With the \$500,000 from the incentive payment that the CEP budget did not have to pay, and the \$360,000 allocated from the EETAC to the EECC, that amounts to a total budget of \$10,060,000 ($9.2 + .5 + .36$).

Based on CSD's motion, it appears that CSD has already exceeded the total budget of \$10,060,000 for the EECC activities and the near-term efforts by approximately \$540,000. That is, CSD has already spent \$4 million to establish and to operate the EECC from September 1997 through February 28, 1999, an additional \$400,000 to operate the EECC from March 1, 1999 through May 31, 1999, and \$6.2 million for the near-term effort.

CSD anticipates it needs a total of \$2,835,000 made up of the following: (1) \$635,000 to continue the EECC's operations through the end of 1999; (2) \$600,000 to pay the near-term bills for services that have already been

rendered; (3) \$1.5 million for small business education; and (4) \$100,000 for research.

B. Electric Education Call Center

CSD estimates that the operating costs for the EECC will be \$995,000 for the period from March 1, 1999 through December 31, 1999. Of this amount, CSD is requesting a minimum of \$510,000 to fund the EECC. The remaining monies would come from the \$360,000 that the EETAC requested be used for the EECC, and another \$125,000 from the LIGB. Since the EETAC's request to transfer the \$360,000 for the EECC has already been granted, as well as the LIGB's request to allocate \$125,000 for the EECC, there is a need for \$510,000 to fund the EECC through the end of this year.

Before deciding whether such monies should be authorized, we need to determine whether the benefits of the EECC outweigh the cost of operating the EECC.

The EECC was originally created to answer questions from consumers about electric restructuring. The EECC was tied closely to the CEP effort, and its number was widely distributed in the print and broadcast media materials. The near-term effort of CSD also relied on the EECC as a resource that consumers could call with questions about electric restructuring.

In D.97-08-064, the Commission left open the issue of whether the EECC should be continued beyond the end of the CEP. CSD's recommendation to continue the operations of the call center was addressed in D.98-05-062. The Commission found merit in CSD's recommendation to continue the EECC because of the extensive references to it in the CEP materials, and because of the proposed activities of the EET. The Commission felt it important to continue the EECC so that consumers would have a place to call where their electric

restructuring questions could be answered. The Commission also recognized in that decision that at some point the EECC may no longer be needed.

D.98-05-062 also contemplated that CSD should eventually take over the day-to-day activities and operations of the EECC, and that CSD should inform the Commission as to when this could occur.

In response to D.98-05-062, CSD filed its "Report Of The Consumer Services Division Regarding The Assumption Of Electric Education Call Center Functions" (Report) with the Commission on November 25, 1998. In that Report, CSD stated that the EECC could also be used to provide support to the ULTS program and to the California Alternate Rates for Energy (CARE) program in cooperation with the LIGB. The Report noted, however, that CSD could not absorb the functions of the EECC into its current operations before July 1, 2000 due to state budget procedures.

In addition to broadening the EECC to handle ULTS and LIGB activities, CSD stated in its February 19, 1999 motion that the EECC could also be used to disseminate area code overlay information and for other projects.

The number of calls to the EECC has been dropping in recent months because the CEP effort has ended and the near-term education effort has just been completed. However, with the ending of the electricity rate freeze in SDG&E's service territory, the number of calls to the EECC is likely to remain steady or increase for a period of time. The Commission's Consumer Advisory, which provides information about the end of SDG&E's rate freeze, refers to the EECC.⁸ The number of calls to the EECC is likely to increase even more once the EET's CBO outreach effort gets under way.

⁸ See

www.cpuc.ca.gov/consumer_advisories/990608_sdge_electric_rate_freeze_ends.htm.

We believe that the EECC should continue to operate through the end of 1999, and that at the present time the benefits of continuing the EECC outweigh the costs. The continued operation of the EECC will provide consumers with an important resource for answering questions about the end of SDG&E's rate freeze, for questions arising from the EET's CBO efforts, and for other electric restructuring questions. The continuing operations of the EECC will also minimize start up costs if the Commission decides that the EECC should be used to answer inquiries about the Commission's low income programs for energy and telephone services or to provide updated area code overlay information. Continued funding through the end of 1999 will also allow us to determine if the Commission's budget will be augmented to allow CSD to take over the activities of the EECC beginning on January 1, 2000.

We will authorize the sum of \$510,000 to be used to operate the EECC through the end of 1999. CSD shall ensure that the projected expenses for the EECC do not exceed its anticipated budget projections.

The \$510,000 shall be paid for by PG&E, SDG&E, and SCE in accordance with the allocation that was established in D.97-03-069 at page 33 and in Ordering Paragraph 4 of that decision. Since the EECC's purpose is to help educate electric consumers, the investor-owned utilities should be permitted to recover their share of the costs through their respective Transition Revenue Accounts (TRA) or other Commission-approved mechanism. This cost recovery approach is consistent with the methodology approved in D.99-05-031.⁹ All entries to the TRA will be verified in the Revenue Adjustment Proceeding.

⁹ D.99-05-031 approved settlements for PG&E and SDG&E regarding cost recovery and § 376 treatment of electric restructuring implementation costs. A decision is pending regarding Edison's proposed settlement of these costs.

PG&E states that if CSD's motion is granted, the Commission should modify D.97-08-064 to increase the authorized CEP budget by the amount of the increase. We do not believe that D.97-08-064 needs to be modified because the EECC's duration, as well as the funding level, were limited in that decision. Since CSD is requesting additional funding for the EECC to enable it to continue operations until the end of 1999, no modification of D.97-08-064 is needed.

Since we have authorized additional funding to extend the life of the EECC, we authorize the EECC to continue operations through December 31, 1999 so long as there are sufficient funds available to operate the EECC.

We are informed that CSD's request to augment its budget for work activities associated with the EECC for the 1999-2000 fiscal year has been granted. We will therefore require CSD to file a report no later than October 8, 1999 on whether CSD will be in a position to take over the EECC on January 1, 2000, the sources of funding for the EECC during that year, how CSD plans to take over the operations of the EECC, the anticipated expenses for the year, and a description of the kind of work activities that the call center staff will be engaged in, and the relationship, if any, to other Commission authorized activities. Interested parties may file comments to the report no later than October 25, 1999.

C. Outstanding Billings

CSD requests that the Commission authorize an additional \$600,000 to pay for work that has already been completed as part of CSD's near-term education efforts. There is a need for this additional money because CSD apparently did not anticipate that the extensions of the EECC would require additional funding. As a result, it appears that CSD overspent its budget for the near-term education effort by approximately \$540,000 to \$600,000.

PG&E states that when this portion of the near-term work was contracted for, everyone involved knew that there were insufficient funds remaining in the CEP budget to pay for the work in full.

PG&E's assertions regarding the outstanding billings give us cause for concern. The overspending indicates a lack of adequate controls over the budgeting process for the near-term efforts and the operations of the EECC. Although the extensions of the EECC did cause unexpected budgeting problems to occur, CSD should have taken the initiative to limit the scope of the near-term efforts when it became aware of the budget shortfall, and should have taken steps to ensure that it had sufficient funds for the near-term effort and to operate the EECC during the extension periods.

We have reservations about providing an additional \$600,000 to fund the unpaid near-term efforts, especially if PG&E's assertion that everyone knew of the funding shortfall is correct. However, we must also recognize that the work associated with the estimated \$600,000 in unpaid billings should be compensated. We will therefore authorize up to \$600,000 in additional funds to pay for the unpaid billings that resulted from the work associated with CSD's near-term efforts. Should the actual amount of the unpaid billings attributable to the previously incurred near-term efforts amount to less than \$600,000 the unused portion of this authorization shall not be used for other purposes.

This amount of up to \$600,000 shall be paid for by PG&E, SDG&E, and SCE in accordance with the allocation that was established in D.97-03-069 at page 33 and in Ordering Paragraph 4 of that decision. Since the near-term efforts were targeted at small electric customers, the investor-owned utilities should be permitted to recover their share of the costs through advice letter filings implementing recovery through their respective TRA or other Commission-approved mechanism.

PG&E stated in its response that if CSD's motion is granted, the Commission should modify D.97-08-064 to increase the authorized CEP budget by the amount of the increase. We do not believe that is required. The \$600,000 that we are authorizing is a result of overspending during the near-term effort and the extensions of the EECC. The near-term effort and funding for the extensions of the EECC were not contemplated at the time D.97-08-064 was issued. Consequently, modification of D.97-08-064 is not required.

D. Education Of Small Business

CSD requests that the Commission authorize an additional \$1.5 million to provide small businesses with education about electric restructuring. It is proposed that these educational outreach efforts would be done in collaboration with the CSBA. CSD's comments to the draft decision contained additional reasons as to why its request should be granted.

We first note that according to CSD's motion, \$6.2 million has already been spent for near-term activities. On September 14, 1998, the Commissioners assigned to direct access approved CSD's near-term activities. Among the specified target audiences of CSD's near-term efforts were small businesses. A review of the monthly reports for the near-term efforts of CSD reveal that materials and messages were developed for small businesses and disseminated both in print form and on the radio.

We also note that according to the monthly report on near-term efforts that was submitted on April 1, 1999, there had been some contact in March 1999 regarding a small business effort with the CSBA. If such efforts were contemplated in March 1999, we question why the expenditures in excess of the authorized budget was not discovered at that point in time, and why an earlier request for funding was not made instead of waiting until April 27, 1999.

Despite these administrative difficulties, we believe that CSD's comments to the draft decision provide additional support as to why CSD's request for additional education of small business customers should be granted. With the ending of SDG&E's CTC, there is likely to be increased marketing by the ESPs. Among the likely targeted audiences will be small business customers with high load characteristics. CSBA's prior efforts during CSD's near-term efforts appears to have been a productive one, and the additional funding can expand upon those efforts. If we deny CSD's motion, additional educational efforts are not likely to start up until the first quarter of 2000 when the EET's efforts get underway.

In order to provide those customers who are likely to be targeted with adequate information about the restructured electricity market, we believe that CSD's request for \$1.5 million to fund educational efforts for small business customers should be granted. The investor-owned utilities should be permitted to recover their share of the costs as discussed earlier.

In order to implement this small business education effort, the Commissioner assigned to direct access should be delegated with the authority to review, modify if necessary, and approve by way of a ruling the plan for this small business education effort. CSD shall file and serve a plan within 30 days from today detailing how it plans to use the funds, who it plans to use to implement the plan, and the projected budget and schedule for implementing the plan. Interested parties may file and serve comments on CSD's small business education effort within 14 days of the plan's filing date.

For the reasons stated earlier, no modification of D.97-08-064 is necessary.

PG&E points out that there are additional opportunities to provide outreach to small businesses. As part of the EET's CBO effort, the CSBA or the

CSBF can submit proposals to educate small businesses about electric restructuring. In D.98-12-085, the Commission agreed with the EETAC's view of who should be targeted as part of the CBO efforts. Among the delineated target audiences are small businesses. (D.98-12-085, pp. 8, 33.) With the work of the EETAC already underway, the request for proposals to educate the target audiences during the first CBO funding cycle is expected to be issued in the near future. CSD should also encourage CSBA and the CSBF to pursue small business outreach through the EET effort.

E. Research

CSD requests that the Commission authorize an additional \$100,000 for post-education research. CSD has not explained in its motion why the research is needed or what it plans to do with the research once it is completed.

Since the near-term efforts of CSD are essentially completed, and no further educational efforts are contemplated by the Commission staff, we are not convinced that there is a need for post-education research. We also note that as part of the EET's efforts, research will be conducted to identify current levels of understanding and knowledge of energy choices. (D.98-12-085, pp. 6,25.) In addition, extensive post-education research was conducted after the CEP was completed.¹⁰ CSD's request for monies to fund additional post-education research activities should be denied.

Findings of Fact

1. On April 27, 1999, CSD filed the motion at issue in this ruling.

¹⁰ See the September 14, 1998 rulings entitled "Assigned Commissioners' Ruling Regarding The Near-Term Education Plan Of The Consumer Services Division" at pages 6 and 7, and the "Assigned Commissioners' Ruling Regarding The Aided Awareness Results" at page 2.

2. PG&E filed a response to CSD's motion.
3. CSD's motion seeks funding to provide near-term education to small businesses, to pay for outstanding billings associated with near-term efforts, for post-education research, and to fund the EECC through the end of 1999.
4. The text and Attachment C of CSD's motion make clear that it is seeking authorization and funding to operate the EECC through the end of 1999.
5. The funding level for the CEP, Commission outreach activities, and the EET was budgeted at \$89,294,580.
6. In D.98-07-098, the Commission authorized CSD to develop and implement a near-term educational effort using the unspent monies that were previously authorized as part of the CEP effort.
7. The unused CEP monies available for use in the near-term effort amounted to \$6.7 million.
8. An additional \$360,000 was made available to the EECC when the EETAC's request to reallocate this amount from its non-CBO budget was adopted in an April 23, 1999 ruling, and an additional \$125,000 was made available to the EECC when the LIGB's request to use the EECC was granted in Resolution E-3601.
9. An extra \$500,000 was made available for the near-term effort when the utilities paid the incentive payment for the primary CEP contract.
10. CSD appears to have exceeded the total budget for the EECC activities and the near-term efforts by approximately \$540,000.
11. CSD estimates that the operating costs for the EECC will amount to \$995,000 for the period from March 1, 1999 through December 31, 1999.
12. Since \$360,000 has been reallocated from the EET, and \$125,000 was allocated by the LIGB, the amount needed to fund the EECC through the end of 1999 is \$510,000.

13. D.98-05-062 approved the extension of the EECC through November 30, 1998, and contemplated that the CSD should eventually take over the day-to-day activities and operations of the EECC.

14. Although the number of calls to the EECC has been dropping in recent months, the number of calls is likely to remain steady or increase for a period of time.

15. The funding request to pay for the outstanding billings related to the near-term effort apparently occurred because CSD did not anticipate that the extensions of the EECC would require additional funding.

16. The work associated with the estimated \$600,000 in unpaid billings should be compensated.

17. One of the specified target audiences of CSD's near-term activities were small businesses.

18. The monthly reports of CSD's near-term efforts reveal that materials and messages were developed for small businesses as part of these efforts.

19. With the ending of SDG&E's CTC, the ESPs are likely to increase and target their marketing at small business customers.

20. Small businesses are part of the target audiences for the EET's CBO effort.

21. CSD did not explain why funding should be provided for post-education research.

Conclusions of Law

1. The EECC should continue to operate through the end of 1999 because the benefits of continuing the EECC outweigh the costs.

2. The Commission should grant CSD's request to fund the EECC through the end of 1999 by authorizing \$510,000 for that purpose.

3. Since the EECC's purpose is to help educate electric consumers, the investor-owned utilities should be permitted to recover their share of the costs by

recovering these amounts through their Transition Revenue Accounts, or in the case of SDG&E, through its Externally Managed Cost Balancing Account (EMCBA). This approach is consistent with the methodology approved in D.99-05-031.

4. Since the additional funding for the EECC will allow it to continue operations through the end of 1999, the Commission should authorize the EECC to continue operations through December 31, 1999 so long as there are sufficient funds available to operate the EECC.

5. The Commission should grant CSD's request to fund the outstanding billings associated with the near-term effort by authorizing up to \$600,000 to pay for these unpaid bills.

6. The Commission should grant CSD's request for \$1.5 million to fund education activities for small business customers.

7. Since the near-term efforts were targeted at small electric customers, the investor-owned utilities should be permitted to recover their share of the costs for the outstanding billings by filing an advice letter seeking recovery of those monies through their Transition Revenue Accounts, or in the case of SDG&E, through its EMCBA.

8. Modification of D.97-08-064 is not necessary because the near-term effort and funding for the extensions of the EECC were not contemplated when D.97-08-064 was issued.

O R D E R

IT IS ORDERED that:

1. The April 27, 1999 motion of the Consumer Services Division (CSD) is granted subject to the following:

- a. The sum of \$510,000 is authorized to continue the operations of the Electric Education Call Center (EECC) through the end of 1999.
 - (1) CSD shall ensure that this additional funding for the EECC does not exceed CSD's anticipated budget projections for the EECC.
 - (2) The life of the EECC shall be extended through December 31, 1999, provided that there are sufficient authorized funds to continue the operation of the EECC.
- b. Up to \$600,000 is authorized to pay the outstanding bills associated with CSD's near-term efforts.
- c. The sum of \$1,500,000 is authorized to allow CSD to implement educational activities targeted at small business customers.
 - (1) CSD shall file and serve its plan to implement this effort within 30 days from today's date.
 - (2) Interested parties may file and serve comments on the proposed plan within 14 days of the plan's filing date.
 - (3) The Commissioner assigned to direct access is authorized to review CSD's proposed plan, modify the plan if necessary, and issue a ruling which permits CSD to implement the plan.
- d. The \$510,000 for the EECC, the funding of up to \$600,000 for the outstanding bills associated with the near-term efforts, and the \$1.5 million to educate small business customers, shall be paid for by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company in accordance with the allocation that was previously established in ordering paragraph 4 of Decision 97-03-069.
 - (1) These three utilities shall be permitted to recover their share of the above costs through their respective Transition Revenue Accounts (TRA). All entries to the TRA or other appropriate mechanism shall be verified in the Revenue Adjustment Proceeding.

2. Unless extended by Commission decision, the EECC shall terminate on December 31, 1999.

a. CSD is directed to file a report, containing the information described in this decision, no later than October 8, 1999 on whether CSD will be in a position to take over the EECC on January 1, 2000. This report is to be served on the parties to this proceeding.

(1) Interested parties may file comments to this report on or before October 25, 1999. Such comments are to be served on the parties to this proceeding.

3. CSD's motion is denied with respect to its request for post-education research.

This order is effective today.

Dated August 5, 1999, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
JOEL Z. HYATT
CARL W. WOOD
Commissioners